



Rajshree Sugars and Chemicals Limited

Instrument	Amount	Rating Action
	In Rs. crore	November, 2015
Term Loan	388.13	[ICRA]D; Revised from [ICRA]B
Cash Credit	191.00	[ICRA]D; Revised from [ICRA]B
Long Term Unallocated Limits	40.69	[ICRA]D; Revised from [ICRA]B
Short Term Unallocated Limits	30.00	[ICRA]D; Revised from [ICRA]A4

ICRA has revised the long term rating to [ICRA]D (pronounced ICRA D) from [ICRA]B (pronounced ICRA B) to Rs.388.13 crore term loans, Rs. 191.00 crore cash credit facilities and Rs. 40.69 crore long term unallocated limits of Rajshree Sugars and Chemicals Limited (RSCL)[†]. ICRA has also revised the short term rating to [ICRA]D (pronounced ICRA D) from [ICRA]A4 (pronounced ICRA A four) to Rs. 30.00 crore short term unallocated limits of RSCL.

The ratings revision factors in instances of delays in the debt servicing obligations following pressures on the liquidity position of RSCL. RSCL's liquidity has come under pressure during FY15 and FY16 ytd because of a sharp deterioration in its financial profile as reflected in the losses incurred during FY15 and H1FY16 driven by low sugar realizations coupled with relatively high sugarcane costs. The ratings continue to be constrained by the exposure of the company's business to agro-climatic risks and regulatory intensity of the sugar industry, high gearing and weak debt coverage indicators. ICRA has taken a consolidated view on RSCL, together with its wholly subsidiary Trident Sugars Limited.

ICRA however, notes the strengths of the company including RSCL's long track record in the sugar business and its experienced management, company's large sugarcane crushing capacity, high yields and longer crushing period in its command area, and proximity to ports. Commissioning of a distillery in unit III of the company to process molasses from both unit II and unit III of the company would enhance its forward integration profile, and provide cushion to profitability to an extent in case of sugar downturn.

Ability to improve liquidity and ensure timely servicing of debt will be the key rating drivers going forward.

Company Profile

Rajshree Sugars & Chemicals Limited (RSCL), founded in 1985 by Late Shri. G. Varadaraj, is an integrated sugar company with units at Theni, Villupuram, and Gingee in Tamil Nadu. It also has a subsidiary sugar mill namely Trident Sugars (TSL) at Zaheerabad in Medak District of Andhra Pradesh. The company has a combined (including TSL) crushing capacity of 14000 TCD (Tons Crushing Per Day). It also has a distillery of 125 klpd (80 klpd of which was commissioned last year) and a total cogeneration capacity of 54.5 MW.

Recent Results

At a consolidated level, the company reported operating income of Rs. 710.64 crore and net loss of Rs. 65.68 crore in FY15. According to the standalone provisional financials of RSCL during H1 FY16, the company reported an operating income of Rs. 267.84 crore and net loss of Rs. 27.92 crore.

November 2015

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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